

भारत सरकार/GOVERNMENT OF INDIA  
रेल मंत्रालय/MINISTRY OF RAILWAYS  
(रेलवे बोर्ड/RAILWAY BOARD)

No.2008/M(W)/814/8

New Delhi, dated 14.05.08

The Chief Mechanical Engineer

Financial Adviser and Chief Accounts Officer  
Southern Railway  
CHENNAI.

Sub: Recovery of maintenance, interest, depreciation charges etc. of  
Defence rolling stock.

Ref: Milrail letter No.18108/III/ADG(Mov)/Milrail dated 17.4.08.

1. Defence authorities have recently raised the issue of recovery of maintenance charges towards defence stock from various Railways. As per the information available with Railway Board, the following different types of rolling stock are earmarked on your Railway against which maintenance charges are to be recovered from defence authorities. From the information provided by defence authorities, it appears that this is not being done.

**Wagons**

Type	Numbers
DBKM/BOM	198

**Coaches**

Type	Numbers	Type	Numbers
ML New	2	MGSCNY	15
SLR	1	Total	18

2. The maintenance charges are to be recovered towards the stock earmarked on your Railway in terms of provisions made in para 1460 to 1466 of Mechanical Code. Against these maintenance charges recovered, the cost of POH of these stock in Railway workshops would require to be accounted for as and when debits for the same are received by your Railway. Since maintenance bills are not being raised regularly, this might be leading to a situation that only the POH expenditure is being booked without the matching revenue from recovery of maintenance charges from Defence authorities being generated.

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3. In terms of para 1466 of Mechanical Code, a proforma capital and revenue account is to be maintained for all such vehicles to see that the recoveries made from the department do not fall short of the actual expenditure incurred by the Railway.

This aspect was checked by Audit in the case of NW Rly. and it was seen that this account was not being made on the Railway and it led to Audit Para No.5.2.6 of C&AG's report no.6 of 2007. Accordingly, instructions were issued vide Board's letter No.2006/M(W)/645/2 dated 5.2.08 to all CMEs and FA&CAOs to ensure that provisions of 1466 are being followed. A report on the status on this issue is yet to be received from your Railway.


4. Defence authorities also have raised their concern that the above 3 issues would be generating not only a heavy amount of arrears but also leading to inadequate actual expenditure each year. This situation, if allowed to continue, will lead to unnecessary complications as and when the correct bills are raised.

5. In terms of para 1460 of Mechanical Code, the maintenance charges were to be raised @ 4% per annum on the capital cost of the vehicle on the books or the present day cost of construction of a new similar vehicle, whichever is greater. Earlier, Railways had been adopting widely different methods for arriving at the present day cost of construction and this practice was objected to by Defence authorities also in number of cases. Accordingly, with concurrence of Finance, the policy for arriving at the present day cost of construction was issued vide Board's letter No.2005/M(N)/951/1 dated 12.4.07 and 14/17.12.07.

It would be required that compliance of the above two instructions be ensured on your Railway so that the correct amount of maintenance charges are recovered from Defence authorities.

In light of above, it is requested that the matter be looked into and urgent action be taken to resolve all the above issues on your Railway. Receipt of this letter may please be acknowledged and action taken on the subject along with status report may kindly be advised.

The matter may be treated as MOST URGENT.

  
(Ajay Nandan)  
Dir.Mech.Engg.(P)I  
Railway Board.

Copy to: EDFC/Railway Board for information and necessary action.